



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## Grassley Praises Senate's Passage of Historic Medicare Drug Legislation

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today praised the Senate's passage of historic legislation adding a prescription drug benefit to Medicare for the first time in the program's 38-year history and helping to fix Medicare payment inequities for Iowa and dozens of other rural states. Grassley, the lead Senate architect of the bipartisan legislation, said today's action clears the legislation for presidential consideration.

"The President is ready to sign this bill, and I'm ready to have him sign it," Grassley said. "Forty million seniors and Americans with disabilities shouldn't have to wait any longer for prescription drug coverage. Medicare is part of our country's social fabric. We're not only saving it, but we're also improving it."

Under the bill, Medicare recipients would have the option of purchasing prescription drug coverage for about \$35 a month and, after paying a \$250 deductible, would have 75 percent of their medicine bills covered, up to \$2,250. This benefit would reduce the typical beneficiaries' drug costs by about half. The upfront costs would be waived for low-income seniors, who would be charged \$1 to \$5 in drug co-payments. For these lower income seniors, the benefit covers 85 percent to 98 percent of the cost of their prescriptions.

Next April, seniors could purchase drug discount cards until the full benefits are implemented. Seniors would save 10 percent to 25 percent off the cost of most medicines through a Medicare-approved drug discount card. This card program would be entirely voluntary. In addition to receiving discounts through the drug card, low-income seniors under 135 percent of the federal poverty level would receive a \$600 subsidy until the drug benefit begins in January 2006.

The bill also lowers drug costs for all Americans, not just those with Medicare, by speeding the delivery of new generic drugs to the marketplace.

Additionally, the legislation would establish new opportunities for seniors to choose Medicare coverage via private plan options. Every senior could choose between these new options and staying in traditional Medicare.

The far-reaching bill also would increase Medicare funding for doctors, hospitals and other

health care providers, particularly in rural areas, where reimbursement levels are far below what is paid in other regions of the country.

Grassley said the rural package is the most dramatic improvement in rural health care any Congress has ever considered: A \$25 billion commitment over 10 years. The provisions are offset by other program changes, not by seniors' prescription drug money. Hospitals, doctors, home health agencies, and ambulance companies in states like Iowa would see dramatic improvements in their Medicare payments.

Under the Grassley-sponsored bill, Iowa hospitals and health care providers would receive an additional \$438 million over the next ten years from Medicare, and Iowa hospitals would receive an additional \$141 million over the next ten years from Medicaid.

Additionally, the bill protects retiree coverage by providing plan sponsors \$89 billion over 10 years to encourage them to retain the health coverage they provide their retirees. While companies have been dropping the health coverage they provide for retirees in the absence of a Medicare prescription drug benefit, the additional funding is meant to encourage companies to retain that health coverage.

The bill also establishes tax-preferred health savings accounts for individuals with high-deductible insurance coverage.

The Medicare modernization plan has been endorsed by the AARP, the Alzheimer's Association, the Mayo Clinic, the Rural Hospital Coalition, the Generic Pharmaceutical Association, the National Council on Aging, the American Medical Association, the American Hospital Association, and numerous other patient groups and health care organizations.

"Seniors need affordable access to prescription drugs. We're giving it to them," Grassley said. "Seniors need an improved Medicare program, with more choices and better benefits. We're giving it to them. Seniors need to be able to keep what they have if they like it, with no changes, and still get prescription drugs. We're giving it to them. And finally, seniors in my home state of Iowa and other rural states need improved access to basic health care services. We're giving it to them. I'm proud of where we've come out. I look forward to the President's signing this bill. It's time to finish the job."